

**WILLIAMSBURG
TECHNICAL COLLEGE**

**Report on Examination of Basic Financial Statements
and Additional Information**

Year Ended June 30, 2014

**WILLIAMSBURG
TECHNICAL COLLEGE**

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**Williamsburg Technical College
AREA COMMISSION
(as of June 30, 2014)**

Name	County of Residence	Office Held	Term Expires
Brown, Walter H. Kingstree, SC	Williamsburg	Member	7/1/14
Gardner, Johnny M. Kingstree, SC	Williamsburg	Vice Chairman	7/1/15
Green, S. Christine Lane, SC	Williamsburg	Secretary- Treasurer	7/1/12
Huell, Harry L. Salters, SC	Williamsburg	Member	7/1/13
Poston, Henry M. Kingstree, SC	Williamsburg	Member	7/1/15
Stuckey, James S. Hemingway, SC	Williamsburg	Member	7/1/14
Thompson, Joan B. Kingstree, SC	Williamsburg	Chairman	7/1/15
Williams, Gertrude P. Greeleyville, SC	Williamsburg	Member	7/1/15
Braxton, Stephen C. Hemingway, SC	Williamsburg	Member	7/1/14
Cooper Jr., Harmon Hemingway, SC	Williamsburg	Member	7/1/15
Howell III, Sidney L. Hemingway, SC	Williamsburg	Member	7/1/15

All members are appointed for three years and until their successors are appointed and qualify.



Newsome & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Darrell N. Newsome, CPA ▴ Niki C. Watchinski, CPA ▴ Sarah E. Hooper ▴ Marissa A. Brockmann

INDEPENDENT AUDITORS' REPORT

To the President and Members of the Area Commission
Williamsburg Technical College
Kingstree, South Carolina

We have audited the accompanying financial statements of Williamsburg Technical College (the College) which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Williamsburg Technical College as of June 30, 2014, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2014 on our consideration of Williamsburg Technical College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Williamsburg Technical College taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Newsome & Company, P.C.

NEWSOME & COMPANY, P.C.
Lexington, South Carolina
September 28, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Williamsburg Technical College's (the "College") presents management's discussion and analysis of the College's financial performance during the fiscal year ended June 30, 2014. This discussion should be read in conjunction with financial statements and the notes thereto, which follow this section.

The financial statement presentation required by GASB Statements No. 34 and No. 35 provides a comprehensive, entity-wide perspective of the College's assets, liabilities, Net Position, revenues, expenses, changes in Net Position, and cash flows and replaces the fund-group perspective previously required.

Financial Highlights

- The assets of Williamsburg Technical College exceeded its liabilities at June 30, 2014 by \$6,950,520.
- The College's net position increased by \$88,592.
- The College has no debt during the current fiscal year. The College received capital funding in the amount of \$118,530 from State and other sources that provided the resources for its ongoing efforts to improve and update equipment and buildings.
- The College experienced an operating loss of \$4,485,641 as reported in the Statement of Revenues, Expenses, and Changes in Net Position. However, State appropriations, which are the College's largest unrestricted revenue source, of \$1,444,677, local appropriations of \$1,045,134, Federal Grants of \$1,958,795 and other non-operating revenues of \$8,081 offset this operating loss.

Overview of the Financial Statements

The College is engaged only in Business-Type Activities (BTA) that are financed in part by fees charged to students for educational services. Accordingly, its activities are reported using the three financial statements required for proprietary funds: Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows.

The Statement of Net Position presents the financial position of the College at the end of the fiscal year and requires classification of assets and liabilities into current and noncurrent categories. The difference between total assets and total liabilities is reflected in the Net Position section, which displays net position in three broad categories: invested in capital assets (net of related debt), restricted, and unrestricted. Net position is one indicator of the current financial condition of the College, while the change in net position is an indicator that the overall financial condition has improved or worsened during the year.

The Statement of Revenues, Expenses, and Changes in Net position replace the fund perspective with the entity-wide perspective. Revenues and expenses are categorized by operating and non-operating, and expenses are reported by natural classification.

The Statement of Cash Flows will aid readers in identifying the sources and uses of cash by the major categories of operating, capital and related financing, noncapital financing, and investing activities. This statement also emphasizes the College's dependence on state and county appropriations by separating them from operating cash flows.

Financial Analysis of the College as a Whole

This schedule is a condensed version of the College's assets, liabilities and Net Position and is prepared from the Statement of Net Position.

Condensed Summary of Net Assets (thousands of dollars)

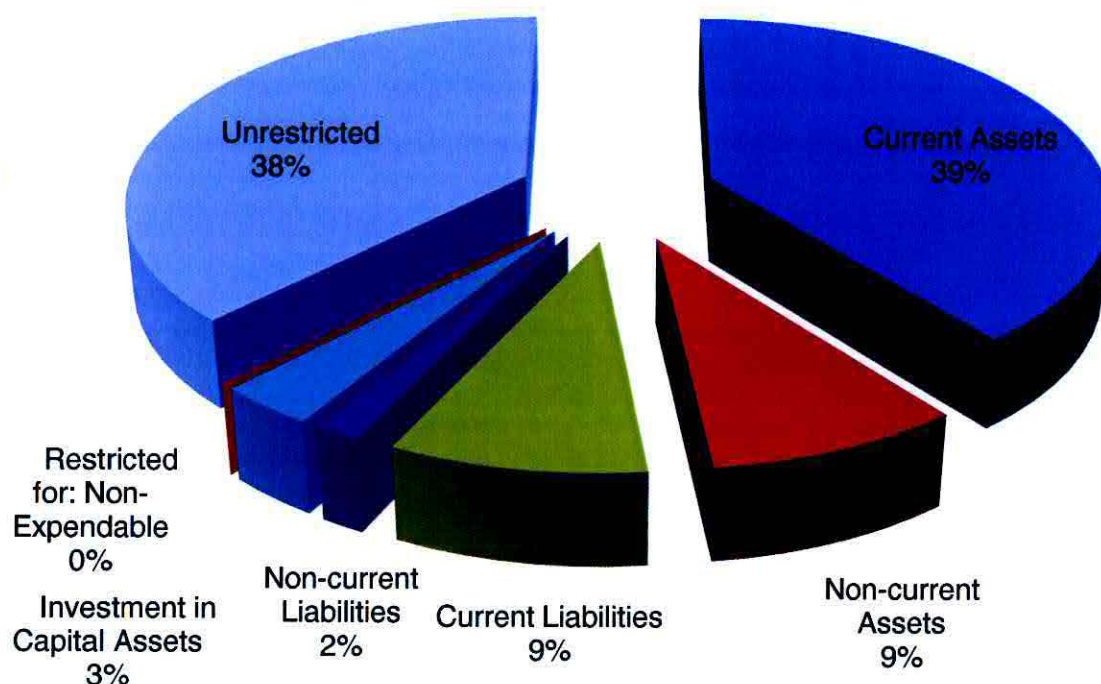
Assets	2014	2013	Increase/ (Decrease)	Percent Change
Current Assets	\$ 7,239	\$ 8,071	\$ (832)	-10.31%
Capital Assets, Net	1,629	679	950	139.91%
Total Assets	8,868	8,750	118	1.35%
Liabilities				
Current Liabilities	1,620	1,571	49	3.12%
Noncurrent Liabilities	298	318	(20)	-6.29%
Total Liabilities	1,918	1,889	29	1.54%
Net Assets				
Invested in Capital Assets	629	679	(50)	-7.36%
Restricted - Nonexpendable	5	5	-	0.00%
Unrestricted	6,316	6,178	138	2.23%
Total Net Assets	\$ 6,950	\$ 6,862	\$ 88	1.28%

Net position may serve over time as a useful indicator of an entity's financial position. In the case of the College, assets exceeded liabilities by \$6,950,520 at the close of fiscal year ended June 30, 2014.

The College's investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding reflects approximately ten percent of its total Net Position. The College uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending.

Approximately one percent of the College's Net Position represents resources that are subject to external restrictions on how they may be used. *Unrestricted Net Position* of \$6,316,005, or approximately ninety percent, may be used to meet the College's ongoing unrestricted obligations. Pictorial presentations of specific areas of the College's financial condition on June 30, 2014 appear in the charts and graphs that follow.

Summary of Net Position



Cash decreased by \$1,066,150 during the fiscal year. A summary schedule of the increase/(decrease) in cash flows for the fiscal years ended June 30, 2014 and 2013 is as follows:

Condensed Summary of Cash Flows (thousands of dollars)

Cash Provided (Used) by:	2014	2013	Increase/ (Decrease)	Percent Change
Operating Activities	\$ (4,474)	\$ (3,905)	\$ (569)	14.57%
Non-Capital Financing Activities	4,407	4,714	(307)	-6.51%
Capital and Related Financing Activities	(7)	615	(622)	-101.14%
Investing Activities	(992)	4	(996)	-24900%
Net Increase in Cash	<u>\$ (1,066)</u>	<u>\$ 1,428</u>	<u>\$ (2,494)</u>	-174.65%

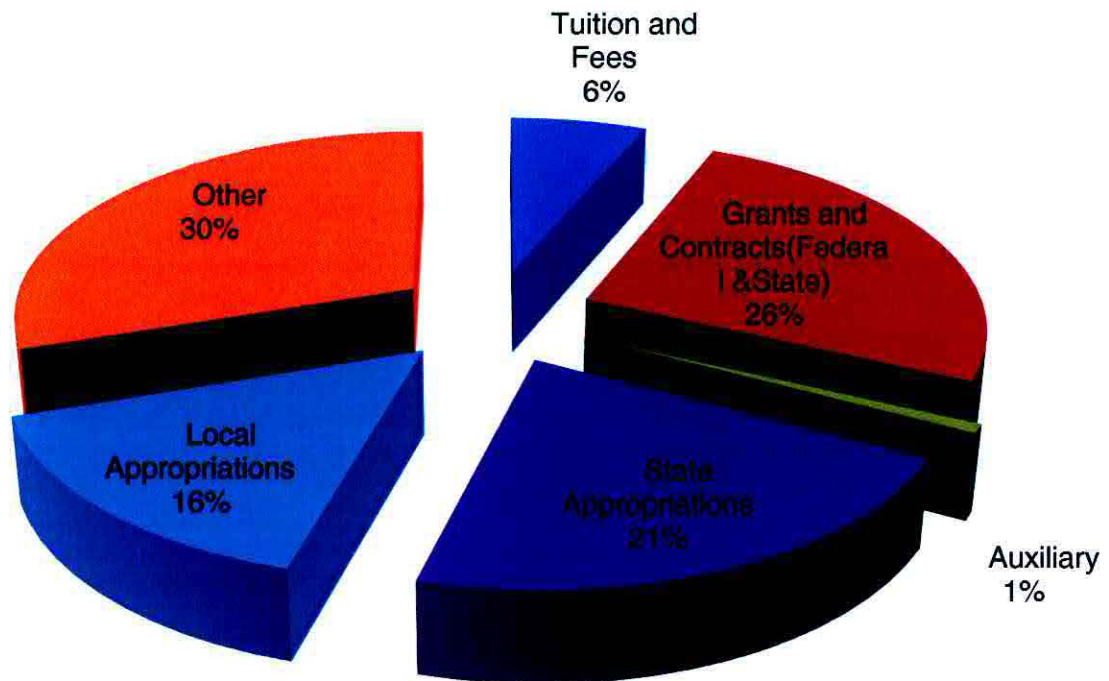
This schedule is a summary of the College's operating results for the fiscal year.

Condensed Summary of Revenues, Expenses and Changes in Net Assets (thousands of dollars)

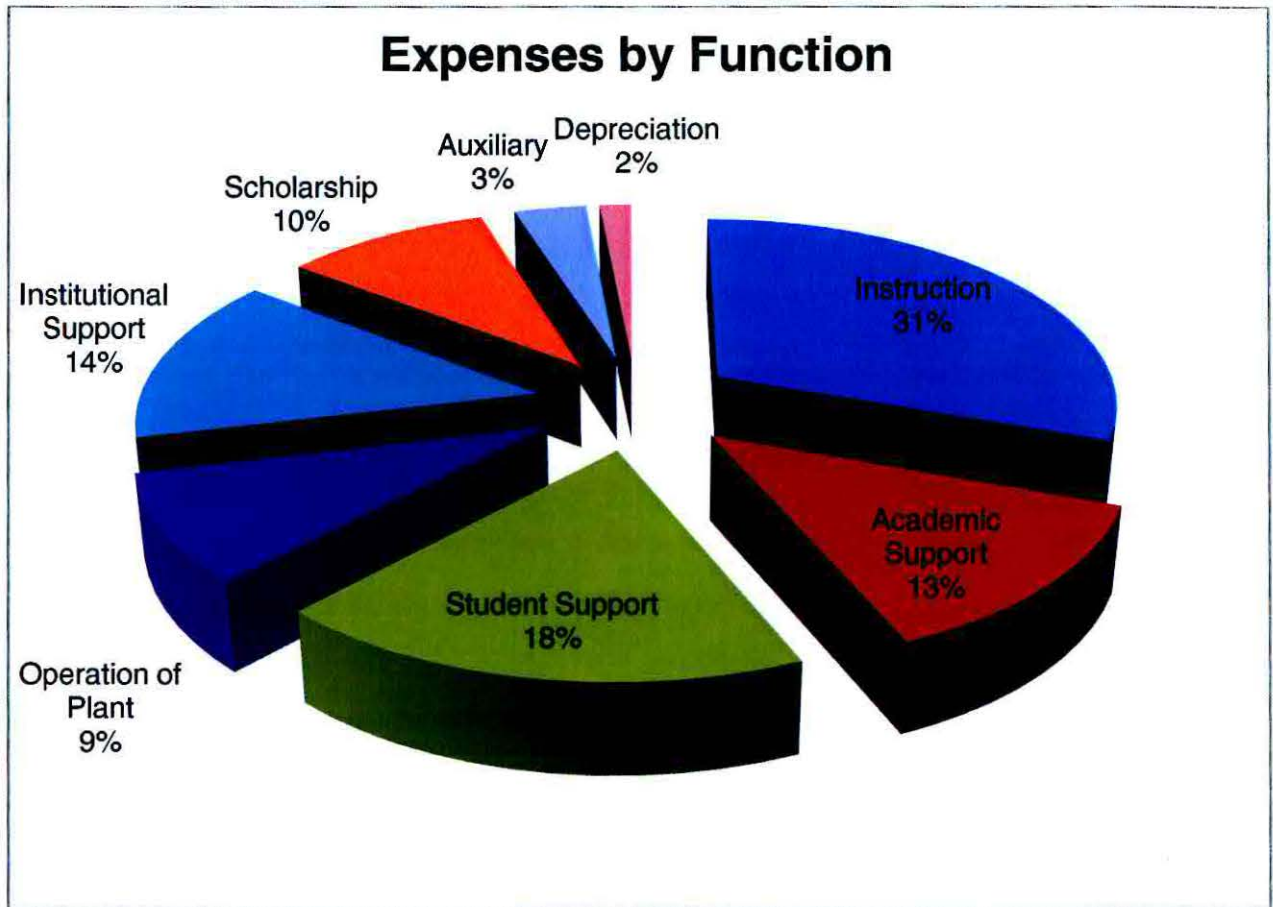
	2014	2013	Increase/ (Decrease)	Percent Change
Revenues:				
Student Tuition and Fees	\$ 428	\$ 422	\$ 6	1.42%
Grants and Contracts	1,728	1,532	196	12.79%
Auxiliary Programs	52	61	(9)	-14.75%
Other Operating Revenues	75	64	11	17.19%
Total Operating Revenues	2,283	2,079	204	9.81%
State Appropriations	1,445	1,459	(14)	-0.96%
County Appropriations	1,045	989	56	5.66%
Investment Income	8	4	4	100.00%
Grants and Contracts	1,959	2,140	(181)	-8.46%
Total Non-Operating Revenues	4,457	4,592	(135)	-2.94%
Total Revenues	6,740	6,671	69	1.03%
Expenses				
Salaries	3,225	3,183	42	1.32%
Benefits	1,145	1,091	54	4.95%
Scholarships	656	640	16	2.50%
Utilities	106	84	22	26.19%
Supplies and other services	1,536	1,432	104	7.26%
Depreciation	102	83	19	22.89%
Total Operating Expenses	6,770	6,513	257	3.95%
Capital Contributions, Deductions to Permanent Endowments and Transfers				
Capital Improvement Bonds	73	138	(65)	-47.10%
Refunded to Grantor	(1)	-	(1)	
Capital Contributions. and Transfers	72	138	(66)	-47.83%
Change in Net Assets	42	296	(254)	-85.81%
Net Assets, Beginning of year	6,862	6,566	296	4.51%
Net Assets, End of year	<u>\$ 6,904</u>	<u>\$ 6,862</u>	<u>\$ 42</u>	0.61%

A large portion of the revenue included in the Grants and Contracts category represents student financial assistance, which is used to pay tuition and fees for students to attend the College. An approximation of tuition and fees paid from this source of funds has been recognized as a reduction of tuition and fees in the form of scholarship allowances, in order to eliminate duplication of revenues.

Revenue by Category



In excess of \$4.3 million of the College's operating expenses occurred in the salary and benefits classification. Of this amount approximately 75 percent are identified as instructional, academic support, and student services support. Supplies and Other Services is the second largest classification of expenses and include expenses not otherwise classified. Note 12 in the accompanying notes to the financial statements identify operating expenses by functional classification.



Capital Asset and Debt Administration

The college has completed a capital needs assessment and is preparing a comprehensive plan to address the plant needs. Currently the college has no debt. The College has recorded compensated absences payable in the amount of \$314,957 for obligations to employees of which \$16,811 is considered a current liability. The change in capital assets during the fiscal year is as follows:

Beginning Capital Assets, Net of Accumulated Depreciation	\$ 678,703
Assets Purchased During the Year	52,553
Depreciation Expense Recorded During the Current Year	<u>(101,751)</u>
Ending Capital Assets Net of Accumulated Depreciation	<u>\$629,485</u>

Economic Factors

The Budget year for 2014-15 appears to be stable from the county. Due to the state formula phase out of our special monies the state funding level is down about ten percent, this is the last year of the phase out. The college had prepared for this decrease and we are financially sound. The increase in skills and knowledge required even for entry level jobs and the current job market is likely to continue to maintain enrollment for the foreseeable future.

Williamsburg Technical College continues to be on the approved list for the phase one training for the Boeing Project. The system has also partnered with the manufacturing association for the awarding and acknowledgement of the MSSC for employment opportunities in the growing area of the new manufacturing businesses. The system has created and received approval of the South Carolina Manufacturing Certification (SCMC). This program will be managed through our Workforce/ Continuing Education department.

Currently, federal Pell covers most of the College's needy students' tuition and fees. This year the College continued the two distributions of Pell to assist students with the rising cost of books and supplies for the two main semesters of the school year. Lottery Tuition Assistance (LTA) applies only after federal Pell and then for the balance of tuition costs up to the maximum per credit hour established by State Board for Technical and Comprehensive Education (SBTCE) and approved by Commission on Higher Education (CHE). The amount for the 2014-15 year will remain at the same level per student. Currently LTA funds cannot be used for books and supplies or other cost of attendance.

The College's Practical Nursing Program continues to be successful with very high licensure pass rates and very high job placement rates. The Practical Nursing Program increased the number of students entering the class to 36. In addition grant funds are being sought from multiple sources to supplement and accelerate the growth of this program.

The College has collaborated with South Carolina State University with the Early Child Care and Education program which continues to benefit an increasing number of students. There is also a partnership with Limestone College for a two plus two for our students in the service area. Limestone is located on our campus.

The College has also implemented a new method of recruiting and processing for our Dual enrollment students. The school district has encouraged and embraced the increasing of Dual enrollment offerings. We feel that this is a win for all, an increase in college enrollment along with High School students having the ability to graduate with up to 24 hours of college credits.

The College has established a Distance Learning department which will increase opportunity for off campus classes as well as online classes. The college has partnered with the Federal Prison to provide training for the residences.

WILLIAMSBURG TECHNICAL COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2014

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 5,807,057
Short-Term Investments	666,658
Short-Term Investments - Restricted for Endowment	5,030
Accounts Receivable, Net	689,885
Inventory	58,014
Prepaid Expenses	12,214
Total Current Assets	<u>7,238,858</u>

Non-Current Assets:

Long-Term Investments	1,000,000
Capital Assets Not Being Depreciated	127,190
Capital Assets, Net of Accumulated Depreciation	502,295
Total Non-Current Assets	<u>1,629,485</u>
Total Assets	<u><u>\$ 8,868,343</u></u>

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 76,019
Payroll Related Liabilities	198,299
Compensated Absences Payable	16,811
Unearned Revenue	1,328,548
Total Current Liabilities	<u>1,619,677</u>

Non-Current Liabilities:

Compensated Absences Payable	298,146
Total Non-Current Liabilities	<u>298,146</u>
Total Liabilities	<u>1,917,823</u>

NET POSITION

Invested in Capital Assets	629,485
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Restricted For:

Nonexpendable:	
Endowment	5,030

Unrestricted	<u>6,316,005</u>
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Total Net Position	<u>6,950,520</u>
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Total Liabilities and Net Position	<u><u>\$ 8,868,343</u></u>
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The accompanying Notes to Financial Statements are an integral part of this statement.

WILLIAMSBURG TECHNICAL COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

REVENUES

Operating Revenues

Student Tuition and Fees, net of scholarship allowances of \$1,910,478	\$ 427,919
Federal Grants and Contracts	1,064,856
State Grants and Contracts	637,046
Private Grants and Contracts	26,551
Auxiliary Programs, net of scholarship allowances of \$207,723	51,832
Other Operating Revenues	74,752
Total Operating Revenues	<u>2,282,956</u>

EXPENSES

Operating Expenses

Salaries	3,223,548
Benefits	1,145,104
Scholarships	655,788
Utilities	106,456
Supplies and other services	1,535,950
Depreciation	101,751
Total Operating Expenses	<u>6,768,597</u>

Operating Loss (4,485,641)

Non-Operating Revenues

State Appropriations	1,444,677
County Appropriations	1,045,134
Investment Income	8,081
Federal Grants and Contracts	1,958,795
Net Non-Operating Revenues	<u>4,456,687</u>

Income Before Other Revenues, Expenses, Gains or Losses (28,954)

Other Revenues, Expenses, Gains or (Losses)

Capital Improvement Bond Proceeds	73,049
Capital Gifts	45,481
Refunded to Grantor	(984)
Total Other Revenues, Expenses, Gains or (Losses)	<u>117,546</u>

Increase in Net Position 88,592

NET POSITION

Net Position, Beginning of year	<u>6,861,928</u>
Net Position, End of year	<u>\$ 6,950,520</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**WILLIAMSBURG TECHNICAL COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014**

CASH FLOWS FROM OPERATING ACTIVITIES

Student Tuition and Fees, net of scholarship allowances	\$ 450,846
Federal, State and Local Grants and Contracts	1,463,409
Auxiliary Enterprise, net of scholarship allowances	51,832
Other Receipts	74,752
Scholarships	(655,788)
Payments to Vendors	(1,587,226)
Payments to Employees (Salary and Benefits)	(4,271,953)
Net Cash Used in Operating Activities	<u>(4,474,128)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

State Appropriations	1,458,287
County Appropriations	990,891
Federal, State and Local Grants and Contracts	1,958,795
Proceeds from Sale of Assets	-
Refunded to Grantor	(984)
Net Cash Provided by Non-Capital Financing Activities	<u>4,406,989</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital Improvement Bond Proceeds	-
Purchase of Capital Assets	(7,052)
Net Cash Provided by Capital and Related Financing Activities	<u>(7,052)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sales and Maturities of Investments	-
Interest on Investments	8,041
Purchase of Investments	(1,000,000)
Net Cash Provided by Investing Activities	<u>(991,959)</u>

Net Increase in Cash	(1,066,150)
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Cash, Beginning of Year	6,873,207
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Cash, End of Year	<u>\$ 5,807,057</u>
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NON-CASH TRANSACTIONS

Capital Gifts (Equipment)	<u>\$ 45,481</u>
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(Continued)

**WILLIAMSBURG TECHNICAL COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014**

Reconciliation of Net Operating Revenue (Expenses) to

Net Cash Provided (Used in) Operating Activities:

Operating Income (Loss)	\$ (4,485,641)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used in) Operating Activities	
Depreciation	101,751
(Increase) decrease in:	
Accounts Receivables	(228,777)
Inventory	(12,676)
Prepaid Expenses	(1,543)
Increase (decrease) in:	
Accounts Payable	69,399
Payroll Related Liabilities	99,345
Compensated Absences	(2,646)
Deferred Revenue	(13,340)
Total Adjustments	<u>11,513</u>
Net Cash Used in Operating Activities	<u><u>\$ (4,474,128)</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

WILLIAMSBURG TECHNICAL COLLEGE
Notes to the Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: Williamsburg Technical College (the "College"), a member institution of the South Carolina Technical College System, provides a range of educational programs to meet the needs of the adult population of Williamsburg county and the surrounding area. Included in this range of programs are technical and occupational associate degrees, diploma and certificate curricula that are consistent with the needs of employers in the College's service area. As an integral part of this mission, the College provides a program of continuing education designed to satisfy the occupational demands of employers through retraining and upgrading the skills of individual employees. The College also provides a variety of developmental education programs, support services, and offerings to assist students in meeting their personal and professional educational objectives.

Reporting Entity: The financial reporting entity, as defined by the Governmental Accounting Standards Board (GASB) Codification Section 2100, *Defining the Financial Reporting Entity*, consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. GASB Codification Section 2600, *Reporting Entity and Component Unit Presentation and Disclosure*, provides criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with a primary government and classifies reporting requirements for those organizations. Based on these criteria, the College evaluates potential component units on an annual basis and presents component units that are deemed significant. As of June 30, 2014, the College has determined there are no significant component units. Accordingly, the financial statements include the accounts of the Williamsburg Technical College as the primary government. Williamsburg Technical College is a component unit of the State of South Carolina and is reported in the State's Comprehensive Annual Financial Report.

Financial Statements: The financial statement presentation for the College meets the requirements of GASB Codification Sections 2100 - 2900, *Financial Reporting Entity*, and Co5, *Colleges and Universities*. The financial statement presentation provides a comprehensive, entity-wide perspective of the College's assets, liabilities, net position, revenues, expenses, changes in net position, and cash flows.

Basis of Accounting: For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Student tuition and auxiliary enterprise fees are presented net of scholarships applied to student accounts, while stipends and other payments made directly are presented as scholarship expenses.

The College has elected not to apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments: Deposits and investments for the College are governed by the South Carolina Code of Laws, Section 11-9-660, "Investment of Funds". GASB *Statement No. 40, Deposits and Investment Risk Disclosures – an amendment to GASB Statement No. 3*, requires disclosures related to deposit risks, such as custodial credit risk, and investment risks, such as credit risk (including custodial credit risk and concentrations of credit risks) and interest rate risk. The college accounts for its investments at fair value in accordance with GASB *Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the fair value of investments are reported as a component of investment income in the statement of revenues, expenses and changes in net position.

WILLIAMSBURG TECHNICAL COLLEGE
Notes to the Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable: Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the Federal government, State and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. Allowances for losses for student accounts receivable are established based upon actual losses experienced in prior years and evaluations of the current account portfolio.

Inventories: Inventories for internal use are valued at cost. Inventories for resale are carried at the lower of cost or market on the first-in, first-out ("FIFO") basis.

Capital Assets: Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The College follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions, renovations, and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The College capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years and depreciable land improvements, buildings and improvements, and intangible assets costing in excess of \$100,000. Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and improvements and land improvements and 2 to 25 years for machinery, equipment, and vehicles.

Unearned Revenues and Deposits: Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Compensated Absences: Employee vacation pay expense is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year end as a component of long-term liabilities in the statement of net position and as a component of benefit expenses in the statement of revenues, expenses, and changes in net position. The liability for accrued compensated absences includes all accrued vacation leave, unused holiday, and related fringe benefits. Other compensated absences, such as sick pay, do not vest; accordingly, no liability is accrued.

Net Position: The College's net position is displayed in three components: net investment in capital assets, restricted (with expendable and nonexpendable components separately displayed), and unrestricted.

Net Investment in Capital Assets: This component consists of the College's capital assets, net of accumulated depreciation, and reduced by outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets. Deferred outflows of resources and deferred inflows of resources, if any, attributable to the acquisition, construction, or improvement of those assets or related debt are also included.

WILLIAMSBURG TECHNICAL COLLEGE
Notes to the Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted: This component consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Restricted - expendable: The restricted expendable component includes resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Restricted - nonexpendable: The nonexpendable restricted component consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted: The unrestricted component is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. This includes resources derived from student tuition and fees, appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College and may be used at the discretion of the governing board to meet current expenses for any purpose. The resources also include auxiliary enterprises which are substantially self-supporting activities that provide services for students, faculty and staff.

The College's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Non-Exchange Transactions: Non-exchange transactions involving financial or capital resources are transactions in which the college either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange. The types of non-exchange transactions the college engages in include "Voluntary non-exchange transactions" (certain grants and donations), and "Imposed non-exchange revenue" (fines and penalties), and "Government-mandated non-exchange transactions."

Voluntary non-exchange transactions usually involve eligibility requirements that must be met before transactions are recognized. The eligibility requirements can include one or more of the following:

- a. The recipient has the characteristics specified by the provider.
- b. Time requirements specified by the provider have been met.
- c. The provider offers resources on a reimbursement basis and allowable costs have been incurred under the applicable program.
- d. The provider's offer of resources is contingent upon a specified action of the recipient and that action occurred.

Assets from imposed non-exchange revenues are recognized when an enforceable legal claim to the assets arise or when the resources are received.

WILLIAMSBURG TECHNICAL COLLEGE
Notes to the Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Revenues: The College has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenues: Operating revenues generally result from exchange transactions to provide goods or services related to the College's principal ongoing operations. These revenues include (1) student tuition and fees received in exchange for providing educational services, and other related services to students; (2) receipts for scholarships where the provider has identified the student recipients; (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the College; and (4) grants and contracts that are essentially the same as contracts for services that finance programs the College would not otherwise undertake.

Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions. These revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes.

Scholarship discounts and allowances: Student tuition and fee revenues are reported net of scholarship discounts and allowances in the statement of revenues, expenses and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain grants, such as Pell and other Federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

Classification of Expenses: The College has classified its expenses as either operating or non-operating expenses according to the following criteria:

Operating expenses: Operating expenses generally result from the purchasing of goods or services related to the College's principal ongoing operations. These expenses include (1) salaries and benefits paid to employees for providing educational services and other related services to students; (2) utilities to maintain the educational buildings; (3) supplies and services for goods and services provided to the College; (4) scholarship expenses for student financial assistance; and (5) depreciation expense for capital items.

Non-operating expenses: Non-operating expenses include activities that have the characteristics of non-exchange transactions. These expenses include interest expense and capital items purchased.

Auxiliary Enterprises and Internal Service Activities: Auxiliary enterprise revenues primarily represent revenues generated by bookstores and vending.

Capitalized Interest: The College's policy is to capitalize as a component of construction in progress interest cost in excess of earnings on debt associated with capital projects that will be capitalized in the applicable capital asset categories upon completion. During the fiscal year ended June 30, 2014, no interest costs were capitalized.

WILLIAMSBURG TECHNICAL COLLEGE
Notes to the Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Income Taxes: The College is a political subdivision of the State of South Carolina and is, therefore, generally exempt from federal and state income taxes under applicable federal and state statutes and regulations on related income. Certain activities of the College may be subject to taxation as unrelated business income.

Restricted Cash and Investments: The College has funds which were donated by private citizens as a non-expendable endowment to the College.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Allowances for losses for student accounts receivable are established and based upon actual losses experienced in prior years and evaluations of the current account.

NOTE 2 - CASH, DEPOSITS, AND INVESTMENTS

The following schedule reconciles cash and investments as reported on the Statement of Net Position to footnote disclosure provided for deposits and investments.

Statement of Net Position:

Primary Government	
Cash and Cash Equivalents	\$ 5,807,057
Short-Term Investments (Restricted)	5,030
Short-Term Investments	666,658
Long-Term Investments	<u>1,000,000</u>
Total Cash and Investments on Statement of Net Position	<u>\$ 7,478,745</u>

Disclosure, Deposits and Investments Plus Reconciling Items:

Carrying Value Deposits:	
Held by Financial Institutions	<u>\$7,478,745</u>

DEPOSITS

State law requires that a bank or savings and loan association receiving State funds must secure the deposits by deposit insurance, surety bonds, collateral securities, or letters of credit to protect the State against any loss.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that a government will not be able to recover deposits if the depository financial institution fails or to recover the value of collateral securities that are in the possession of an outside party if the counterparty to the deposit transaction fails. The College's policy requires all banks that receive deposits of the College to secure the deposits with collateral securities to protect the College against any loss.

The bank balances on deposit for Williamsburg Technical College at June 30, 2014, were \$7,794,379. Of these, \$7,008,746 were exposed to custodial credit risk as uninsured and collateralized with securities held by the pledging institutions in the College's name. The carrying values of these deposits were \$7,478,745. All certificates of deposit, regardless of maturity are reported as deposits for custodial credit risk categorization.

NOTE 2 - CASH, DEPOSITS, AND INVESTMENTS (Continued)

WILLIAMSBURG TECHNICAL COLLEGE
Notes to the Financial Statements
June 30, 2014

NOTE 2 - CASH, DEPOSITS, AND INVESTMENTS (Continued)

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. Williamsburg Technical College does not maintain deposits that are denominated in a currency other than the United States dollar; therefore, the college is not exposed to this risk.

INVESTMENTS

The College is authorized, by the South Carolina Code of Laws, Section 11-9-660, to invest in obligations of the United States and its agencies, obligations of the State of South Carolina and its political subdivisions, collateralized or federally insured certificates of deposit, and collateralized repurchase agreements. Temporary cash investments of the College are short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near maturity that they present insignificant risks of changes in value because of changes in interest rates.

Restricted investments include \$5,030 held for endowment.

The College's investments and maturities at June 30, 2014, that are not with the State Treasurer's Office are presented below.

<u>Investment Type</u>	<u>Investment Maturities (in years)</u>				
	<u>Fair Value Amount</u>	<u>Less Than 1</u>	<u>1 – 5</u>	<u>6 – 10</u>	<u>More Than 10</u>
Certificate of Deposit.....	\$1,671,688	\$671,688	\$1,000,000	\$ –	\$ –

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the College will not be able to recover the investments value or collateral securities that are in the possession of the outside party. The College does not have an investment policy regarding credit risk. The College does not currently have investments that are exposed to credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College does not have an investment policy regarding credit risk. The College does not currently have investments that are exposed to credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The College places no limits on the amount the College may invest in any one issuer. Currently the College has no investments which are exposed to concentration of credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. It occurs because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. The College does not have an investment policy regarding interest rate risk. The College has no formal policy regarding interest rate risk, but manages it by limiting investments to short-term Certificates of Deposit.

WILLIAMSBURG TECHNICAL COLLEGE
Notes to the Financial Statements
June 30, 2014

NOTE 2 - CASH, DEPOSITS, AND INVESTMENTS (Continued)

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. Williamsburg Technical College does not maintain investments that are denominated in a currency other than the United States dollar; therefore, the college is not exposed to this risk.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2014, including applicable allowances, are summarized as follows:

Student Accounts	\$ 722,620
Federal Grants and Contracts	178,500
State Grants and Contracts	288,455
County Appropriations	54,243
Interest Receivable	<u>684</u>
Gross Receivables	1,244,502
Less: Allowance for Doubtful Accounts - Students	<u>(554,617)</u>
Receivables, Net	<u>\$ 689,885</u>

Allowances for losses for student accounts receivable are established based upon actual losses experienced in prior years and evaluations of the current account portfolio.

WILLIAMSBURG TECHNICAL COLLEGE
Notes to the Financial Statements
June 30, 2014

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2014 was as follows:

	Balance 7/1/2013	Increases	Decreases	Balance 6/30/2014
Capital Assets not being Depreciated:				
Land	\$ 127,190	\$ -	\$ -	\$ 127,190
Other Capital Assets:				
Buildings and Improvements	3,128,862	-	-	3,128,862
Machinery, Equipment, and Other	1,210,357	52,533	-	1,262,890
Vehicles	72,008	-	-	72,008
Intangibles	308,720	-	-	308,720
Total Other Capital Assets at Historical Cost	4,719,947	52,533	-	4,772,480
Less Accumulated Depreciation for:				
Buildings and Improvements	(2,757,716)	(59,187)	-	(2,816,903)
Machinery, Equipment, and Other	(1,045,408)	(39,519)	-	(1,084,927)
Vehicles	(56,590)	(3,045)	-	(59,635)
Intangibles	(308,720)	-	-	(308,720)
Total Accumulated Depreciation	(4,168,434)	(101,751)	-	(4,270,185)
Other Capital Assets, Net	551,513	(49,218)	-	502,295
Capital Assets, Net	\$ 678,703	\$ (49,218)	\$ -	\$ 629,485

NOTE 5 - PENSION PLANS

The South Carolina Public Employee Benefit Authority Retirement Benefits maintains five independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR) which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to South Carolina Public Employee Benefit Authority Retirement Benefits, P. O. Box 11960, Columbia, SC 29211-1960. Furthermore, the South Carolina Public Employee Benefit Authority Retirement Benefits and the five pension plans are included in the CAFR of the State of South Carolina.

South Carolina Retirement Systems

The majority of employees of the College are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the South Carolina Public Employee Benefit Authority Retirement Benefits, a public employee retirement system. Generally all State employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws, as amended, or are eligible and elect to participate in the State Optional Retirement Program. The SCRS plan provides life-time monthly retirement annuity benefits to members as well as disability, survivor options, annual benefit adjustments, death benefits, and incidental death benefits to eligible employees and retirees. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class II member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class III member.

WILLIAMSBURG TECHNICAL COLLEGE
Notes to the Financial Statements
June 30, 2014

NOTE 5 - PENSION PLANS (Continued)

A Class II member who has separated from service with at least five years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class III member who has separated from service with at least eight years of earned service is eligible for a monthly pension subject to the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class II and Class III members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. Incidental death benefits are also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

Beginning July 1, 2012, and annually thereafter, the annual retirement allowance received by retirees or their surviving annuitants must be increased by the lesser of one percent or five hundred dollars. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

Class II Members (members hired prior to July 1, 2012)

Average Final Compensation (AFC) is based on the highest 12 consecutive quarters of compensation. The determination of a member's AFC includes up to 45 days of unused annual leave paid at termination. Monthly benefits are based on one-twelfth of this amount. The retirement benefit amount is equal to 1.82% of the member's AFC times the member's credited service (years). Credited service may include up to 90 days of unused sick leave.

Members are eligible to commence their retirement benefit after they have (i) 28 years of credited service or (ii) attained age 65 with 5 years of earned service. At each July 1 after their first full year of retirement, annuitants will receive an automatic cost of living adjustment equal to the lesser of 1.00% of their retirement benefit or \$500 per annum.

Class III Members (members hired after June 30, 2012)

Average Final Compensation (AFC) is based on the highest twenty (20) consecutive quarters of compensation. The determination of a member's AFC will not include unused annual leave paid at termination. Monthly benefits are based on one-twelfth of this amount. The retirement benefit is equal to 1.82% of the member's AFC times the member's credited service (years). Credited service will not include unused sick leave.

Members are eligible to commence a retirement benefit after they have (i) attained age 60 with eight years of earned service or (ii) the combination of the member's age and years of credited service equals or exceeds 90 (i.e. the rule of 90). At each July 1 after their first full year of retirement, annuitants will receive an automatic cost of living adjustment equal to the lesser of 1.00% of their retirement benefit or \$500 per annum.

Disability annuity benefits are payable to Class II members if they have permanent incapacity to perform regular duties of the member's job and they have at least 5 years of earned service (this requirement does not apply if the disability is a result of a job related injury). Class III members qualify for disability annuity benefits provided they have a minimum of eight years of credited service. An incidental death benefit equal to an employee's annual rate of compensation is payable upon the death of an active employee with a minimum of one year of credited service or to a working retired contributing member. There is no service requirement for death resulting from actual performance of duties for an active member. For eligible retired members, a lump-sum payment is made to the retiree's beneficiary of up to \$6,000 based on years of service at retirement. Participants in the Teacher and Employee Retention Incentive (TERI) Program and retired contributing members are eligible for the increased death benefit equal to their annual salary in lieu of the standard retired member benefit.

WILLIAMSBURG TECHNICAL COLLEGE
Notes to the Financial Statements
June 30, 2014

NOTE 5 - PENSION PLANS (Continued)

Teacher and Employee Retention Incentive

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. However, effective July 1, 2012, the TERI program is not available to new hires. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit and are ineligible to receive incidental death benefits or disability retirement benefits. Retired SCRS members, including TERI participants working for a covered employer, pay the active employee contribution. The employer pays the active employer contribution as well. Act 278 of 2012 closed the TERI program effective June 30, 2018.

Effective July 1, 2013, employees participating in the SCRS were required to contribute 7.50% of all earnable compensation. The employer contribution rate for SCRS was 15.52%. Included in the total SCRS employer contribution rate is a base retirement contribution of 10.45%, .15% for the incidental death program and a 4.92% surcharge that will fund retiree health and dental insurance coverage. Employer contributions for State ORP include a 5.45% employer retirement contribution, .15% incidental death program and 4.92% retiree insurance surcharge.

The College's actual retirement and incidental death program contributions to the SCRS for the years ended June 30, 2014, 2013, and 2012 were:

Fiscal Year <u>Ended</u>	<u>Retirement</u>		<u>Incidental Death</u>	
	<u>Rate</u>	<u>Contribution</u>	<u>Rate</u>	<u>Contribution</u>
2014	10.450%	\$307,494	0.15%	\$4,413
2013	10.450%	\$310,475	0.15%	\$4,456
2012	9.385%	\$250,214	0.15%	\$4,015

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple employer defined benefit public employee retirement system. Generally, all full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to PORS as a condition of employment. This plan provides lifetime monthly annuity benefits as well as disability, survivor benefits and incidental death benefits to eligible employees and retirees. In addition, participating employers in the PORS contribute to the accidental death fund which provides annuity benefits to beneficiaries of police officers and firemen killed in the performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

WILLIAMSBURG TECHNICAL COLLEGE
Notes to the Financial Statements
June 30, 2014

NOTE 5 - PENSION PLANS (Continued)

An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class II member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class III member. A Class II member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class III member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class II and Class III members are eligible to receive a deferred annuity at age 55 with five or eight years earned service, respectively. Incidental death benefits are also available to beneficiaries of active and retired members of employers who participate in the death benefit program. An additional accidental death benefit is also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

Class II Members (members hired prior to July 1, 2012)

Average Final Compensation (AFC) is based on the highest twelve (12) consecutive quarters of compensation. The determination of a member's AFC includes up to 45 days of unused annual leave paid at termination. Monthly benefits are based on one-twelfth of this amount. The retirement benefit is equal to 2.14% of the member's AFC times the member's credited service (years). Credited service may include up to 90 days of unused sick leave.

Members are eligible to commence their retirement benefit after they have (i) 25 years of credited service or (ii) attained age 55 with 5 years of earned service. At each July 1 after their first full year of retirement, annuitants will receive an automatic post-retirement benefit adjustment equal to the lesser of 1.00% of their retirement benefit or \$500 per annum.

Class III Members (members hired after June 30, 2012)

Average Final Compensation (AFC) is based on the highest twenty (20) consecutive quarters of compensation. The determination of a member's AFC will not include unused annual leave paid at termination. Monthly benefits are based on one-twelfth of this amount. The retirement benefit is equal to 2.14% of the member's AFC times the member's credited service (years). Credited service will not include unused sick leave.

Members are eligible to commence their retirement benefit after they have (i) 27 years of credited service or (ii) attained age 55 with 8 years of earned service. At each July 1 after their first full year of retirement, annuitants will receive an automatic post-retirement benefit adjustment equal to the lesser of 1.00% of their retirement benefit or \$500 per annum.

Effective July 1, 2013, employees participating in the PORS were required to contribute 7.50% of all earnable compensation. The employer contribution rate for PORS was 17.22%. Included in the total PORS employer contribution rate is a base retirement contribution of 11.90%, .20% for the incidental death program, .20% for the accidental death program, and a 4.92% surcharge that will fund retiree health and dental insurance coverage. The College's actual retirement, incidental death program and accidental death program contributions to the PORS for the years ended June 30, 2014, 2013, and 2012 were:

<u>Fiscal Year</u> <u>Ended</u>	<u>Retirement</u>		<u>Incidental Death</u>		<u>Accidental Death</u>	
	<u>Rate</u>	<u>Contribution</u>	<u>Rate</u>	<u>Contribution</u>	<u>Rate</u>	<u>Contribution</u>
2014	11.900%	\$5,605	0.20%	\$90	0.20%	\$90
2013	11.900%	\$ -	0.20%	\$-	0.20%	\$-
2012	11.385%	\$ -	0.20%	\$-	0.20%	\$-

WILLIAMSBURG TECHNICAL COLLEGE
Notes to the Financial Statements
June 30, 2014

NOTE 5 - PENSION PLANS (Continued)

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates for the SCRS and PORS are actuarially determined. The surcharges to fund retiree health and dental insurance are not part of the actuarially established rates.

For the current fiscal year, the SCRS and PORS do not make separate measurements of assets and pension benefit obligations for individual employers within the cost-sharing plan. Under Title 9 of the South Carolina Code of Laws, the College's liability under the plans is limited to the amount of required employer contributions (stated as a percentage of covered payroll) as established by the South Carolina Public Employee Benefit Authority and as appropriated in the South Carolina Appropriation Act and from other applicable revenue sources. Accordingly, the College recognizes no contingent liability for unfunded costs associated with participation in the plans.

Optional Retirement Program

As an alternative to membership to SCRS, newly hired State and school district employees may elect to participate in the State Optional Retirement Program (ORP), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 20, of the South Carolina Code of Laws. State ORP participants direct the investment of their funds into a plan administered by one of the four investment providers. The State assumes no liability for State ORP plan other than for payment of contributions to designated companies. To elect participation in the ORP, eligible employees must elect membership within their first 30 days of employment.

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 10.45% plus the retiree surcharge of 4.92% from the employer in fiscal year 2014. A direct remittance is required from the employers to the investment providers for the employee contribution (7.50%) and a portion of the employer contribution (5.0%). Also, a direct remittance is required to SCRS for a portion of the employer contribution (5.45%), which must be retained by SCRS.

Employees are eligible for incidental death benefits while participating in the State ORP. However, employees who participate in the State ORP are not eligible for postretirement incidental death benefits. For fiscal year 2014, total contribution requirements to the ORP were \$6,368 (excluding the surcharge) from Williamsburg Technical College as employer and \$5,842 from its employees as plan members. In addition the College paid to the SCRS employer incidental death benefit contributions of \$175 in the current fiscal year at the rate of .15% of compensation.

The amounts paid by the College for pension, incidental death program, and accidental death program contributions are reported as employer contribution expenditures within the applicable functional expenditure categories to which the related salaries are charged.

Deferred Compensation Plans

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of the College have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

WILLIAMSBURG TECHNICAL COLLEGE
Notes to the Financial Statements
June 30, 2014

NOTE 6 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides postemployment health and dental and long-term disability benefits (OPEB) to retired State and school district employees and their covered dependents. The College contributes to the OPEB plans, which have been determined to be cost-sharing multiple employer defined benefit postemployment healthcare and long-term disability plans administered by the Insurance Benefits Division (IBD), a part of the South Carolina Public Employee Benefit Authority (PEBA).

Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15 through 24 years of service for 50% employer funding. Benefits become effective when the former employee retires under a State retirement system. Basic Long-Term Disability (BLTD) benefits are provided to active state, public school district, and participating local government employees approved for disability.

Funding Policies

Section 1-11-710 and 1-11-720 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment healthcare and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees and participating retirees except the portion funded through the pension surcharge and provided from other applicable sources for active employees who are not funded by State General Fund appropriations. Employers participating in the healthcare plan are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, which was 4.92% of annual covered payroll for 2014, 4.55% of annual covered payroll for 2013, and 4.30% of annual covered payroll for 2012. PEBA Insurance Benefits sets the employer contribution rate. The College's contributions to the SCRS for the three most recent fiscal years ending June 30, 2014, 2013, and 2012, were approximately \$152,800, \$135,000, and \$115,100, respectively, applicable to the surcharge included with the employer contribution for retirement benefits. BLTD benefits are funded through a per person premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to EIP was \$3.22 for the fiscal years ended June 30, 2014, 2013, and 2012.

Effective May 1, 2008 the State established two trust funds through Act 195 for the purpose of funding and accounting for the employer costs of retiree health and dental insurance benefits and long-term disability insurance benefits. The South Carolina Retiree Health Insurance Trust Fund is primarily funded through the payroll surcharge. Other sources of funding include additional State appropriated dollars, accumulated PEBA Insurance Benefits reserves, and income generated from investments. The Long Term Disability Insurance Trust Fund is primarily funded through investment income and employer contributions.

One may obtain complete financial statements for the benefit plans and the trust funds from the South Carolina Public Employee Benefit Authority Insurance Benefits, P.O. Box 11661, Columbia, South Carolina 29211-1661.

WILLIAMSBURG TECHNICAL COLLEGE
Notes to the Financial Statements
June 30, 2014

NOTE 7 - CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS

The College is not currently involved in any active claims or lawsuits, nor is it aware of any pending claims or litigation that would affect the College's financial position.

The College participates in certain Federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. The College is not aware of any contingent liabilities related to the Federal grant programs.

At June 30, 2014, the College had no outstanding commitments for construction or building repairs.

NOTE 8 - LEASE OBLIGATIONS

The College rents copiers that meet the definition of contingent rentals. During the fiscal year ending June 30, 2014, the College expended \$18,706 to external parties for these contingent rentals which are based upon the copier machine usage.

NOTE 9 - LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2014 was as follows:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Due Within One Year	Net Long Term
Compensated Absences Payable	\$317,603	17,161	19,807	\$ 314,957	\$16,811	\$ 298,146

NOTE 10 - UNEARNED REVENUE

Unearned revenue as of June 30, 2014, is summarized as follows:

Unearned Revenue

Student Tuition and Fees	\$ 194,937
Federal Grants and Contracts	6,462
State Appropriations	415,044
State Capital Appropriations	712,105
Total Unearned Revenue	<u>\$ 1,328,548</u>

NOTE 11 - RISK MANAGEMENT

The College is exposed to various risks of loss and maintains State or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settlement claims have not exceeded this coverage in any of the past three years.

WILLIAMSBURG TECHNICAL COLLEGE
Notes to the Financial Statements
June 30, 2014

NOTE 11 - RISK MANAGEMENT (Continued)

The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several state funds accumulate assets and the State itself assumes substantially all the risk for the following claims of covered employees:

- Unemployment compensation benefits
- Worker's compensation benefits for job-related illnesses or injuries
- Health and dental insurance benefits
- Long-term disability and incidental death benefits

Employees elect health insurance coverage through either a health maintenance organization or through the State's self-insured plan.

The College and other entities pay premiums to the State's Insurance Reserve Fund (IRF), which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses relating to the following activities:

- Theft, damage to, or destruction of assets
- Real property, its contents, and other equipment
- Motor vehicles and watercraft
- Torts
- Natural disasters

The IRF is a self-insurer and purchases reinsurance to obtain certain services and to limit losses in certain areas. The IRF's rates are determined actuarially.

The College obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation.

NOTE 12 - OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2014 are summarized as follows:

	<u>Salaries</u>	<u>Benefits</u>	<u>Scholarships</u>	<u>Utilities</u>	<u>Supplies and Other Services</u>	<u>Depreciation</u>	<u>Total</u>
Instruction	\$ 1,266,026	\$ 444,438	\$ -	\$ -	\$ 358,732	\$ -	\$ 2,069,196
Academic Support	452,838	153,470	-	-	277,685	-	883,993
Student Services	676,728	243,716	-	-	327,502	-	1,247,946
Operation and							
Maintenance of Plant	222,380	92,372	-	106,456	199,256	-	620,464
Institutional Support	572,196	198,938	-	-	190,182	-	961,316
Scholarships	-	-	655,788	-	-	-	655,788
Auxiliary Enterprises	33,380	12,170	-	-	182,593	-	228,143
Depreciation	-	-	-	-	-	101,751	101,751
Total Operating Expenses	<u>\$ 3,223,548</u>	<u>\$ 1,145,104</u>	<u>\$ 655,788</u>	<u>\$ 106,456</u>	<u>\$ 1,535,950</u>	<u>\$ 101,751</u>	<u>\$ 6,768,597</u>

WILLIAMSBURG TECHNICAL COLLEGE
Notes to the Financial Statements
June 30, 2014

NOTE 13—RELATED PARTIES

Certain separately chartered legal entities, whose activities are related to those of the College, exist primarily to provide financial assistance and other support to the College and its educational program. This includes the Williamsburg Technical College Foundation, Inc.

Management reviewed its relationship with the Foundation under GASB Statement No. 14 as amended by GASB Statements No. 39 and No. 61. The College excluded this organization from the reporting entity because it is not financially accountable for it. Further, in management's professional judgment it is not necessary to include the Foundation to prevent the reporting entity's financial statements from being misleading.

Following is a more detailed discussion of this entity and a summary of significant transactions (if any) between this entity and the College for the year ended June 30, 2014.

Williamsburg Technical College Foundation, Inc.

The Foundation is a separately chartered corporation organized exclusively to receive and manage private funds for the exclusive benefit and support of the College. The Foundation's activities are governed by its Board of Directors who are not members of the College's Board of Directors.

The College recorded non-governmental gifts receipts of \$6,107 from the Foundation in non-operating revenues for the fiscal year ending June 30, 2014. These funds were used to support the College by way of scholarships and program development grants. The Foundation reimburses the College for any purchases made by the College on behalf of the Foundation. The College provides staffing support and facilities space to the Foundation. It has determined that these services and facilities are nominal and therefore are not reflected in the financial statements of the Foundation for the current year.

The Foundation's assets as of June 30, 2014 were \$450,941. There are no receivables or payables between the College and the Foundation as of June 30, 2014.

NOTE 14 – TRANSACTIONS WITH OTHER AGENCIES

The College had significant transactions with the State of South Carolina and various agencies.

Services received at no cost from State agencies include maintenance of certain accounting records by the Comptroller General; banking, bond trustee, and investment services from the State Treasurer; and legal services from the Attorney General.

Other services received at no cost from the various offices of the State Budget and Control Board include pension plan administration, insurance plans administration, audit services, grant services, personnel management, assistance in the preparation of the State Budget, review and approval of certain budget amendments, procurement services, and other centralized functions.

WILLIAMSBURG TECHNICAL COLLEGE
Notes to the Financial Statements
June 30, 2014

NOTE 15 – DONOR RESTRICTED ENDOWMENTS

Assets at June 30, 2014, consist of \$5,030 short-term investments, restricted for endowments. The donor has provided specific instructions to authorize the interest on the investment of endowment funds to be spent on scholarships.

The endowment is included in a certificate of deposit as shown in Note 2 in the investments section. At June 30, 2014, the endowment had no net appreciation. All is restricted and included in the restricted net position. This is in compliance with SC Code of Laws Sections 34-6-20, 34-6-30, and 34-6-60.

NOTE 16 – SUBSEQUENT EVENTS

Subsequent events were evaluated through September 28, 2014 which is the date the financial statements were available to be issued.

SINGLE AUDIT ACT SECTION



Newsome & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Darrell N. Newsome, CPA ▴ Niki C. Watchinski, CPA ▴ Sarah E. Hooper ▴ Marissa A. Brockmann

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the President and Members of the Area Commission
Williamsburg Technical College
Kingstree, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Williamsburg Technical College, as of and for the year ended June 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated September 28, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of Williamsburg Technical College as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered Williamsburg Technical College's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the college's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Newsome & Company, P.C.

Newsome & Company, P.C.
Lexington, South Carolina
September 28, 2014



Newsome & Company, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Darrell N. Newsome, CPA ▴ Niki C. Watchinski, CPA ▴ Sarah E. Hooper ▴ Marissa A. Brockmann

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the President and Members of the Area Commission
Williamsburg Technical College
Kingstree, South Carolina

Compliance

We have audited the compliance of Williamsburg Technical College with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2014. Williamsburg Technical College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Williamsburg Technical College's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Williamsburg Technical College's compliance with those requirements.

In our opinion, Williamsburg Technical College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2014. The results of our auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.



Internal Control Over Compliance

The management of Williamsburg Technical College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Williamsburg Technical College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of Williamsburg Technical College's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis.

A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of the area commission, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Newsome & Company, P.C.

NEWSOME & COMPANY, P.C.

Lexington, South Carolina

September 28, 2014

WILLIAMSBURG TECHNICAL COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended June 30, 2014

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant/Contract Number	Expenditures
<u>U.S Department of Education</u>			
<u>*TRIO Cluster</u>			
TRIO Program - Talent Search 12/13	84.044A	P044A110261-12	\$ 57,278
TRIO Program - Talent Search 13/14	84.044A	P044A070816-13	219,989
TRIO Program - Upward Bound 12/13	84.047A	P047A121571-12	84,744
TRIO Program - Upward Bound 12/13	84.047A	P047A121571-12	25,453
TRIO Program - Upward Bound 13/14	84.047A	P047A070462-13	231,478
TRIO Program - Upward Bound 13/14	84.047A	P047A070462-13	55,875
TRIO Program - Upward Bound 13/14	84.047A	P047A070462-13	12,411
Total TRIO Cluster			<u>\$ 687,227</u>
<u>*Student Financial Aid Cluster</u>			
Federal College Workstudy	84.033	P033A113815	\$ 47,999
Federal Supplemental Educational Opportunity Grant	84.007	P007A123815	22,643
Federal PELL Grant Program	84.063	P063P123181	1,955,222
Total Student Financial Aid Cluster			<u>\$ 2,025,863</u>
Total Direct Grant Expenditures			<u>\$ 2,713,091</u>
<u>Pass-Through South Carolina Department of Education</u>			
Perkins	84.048	13VA415	\$ 39,183
Total Pass through Expenditures			<u>\$ 39,183</u>
Total U.S. Department of Education			<u>2,752,274</u>
<u>U.S Department of Labor</u>			
<u>Passed through FDTC</u>			
ASSIST Grant 12/13	17.282	TC-22521-11-60-A-45	72,016
ASSIST Grant 13/14	17.282	TC-22521-11-60-A-45	195,790
Total Pass through FDTC Expenditures			<u>267,806</u>
Total U.S. Department of Labor			<u>267,806</u>
Total Federal Funds			<u>3,020,079</u>

WILLIAMSBURG TECHNICAL COLLEGE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2014

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Williamsburg Technical College and is presented on the accrual basis of accounting used to prepare the basic financial statements as described in Note 1 of the financial statements.

The information in the schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audit of States, Local Governments, and Non Profit Organizations. Therefore, some of the amounts presented in the schedule may differ from amounts used in the preparation of the basic financial statements (or reported in the federal financial reports).

NOTE B – FEDERAL NON-CASH ASSISTANCE

Williamsburg Technical College did not receive or expend federal awards in the form of non-cash assistance and had no federal loan guarantees at June 30, 2014.

NOTE C – RECONCILIATION OF CURRENT FUND REVENUES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

Total per Schedule of Expenditures of Federal Awards	<u>\$ 3,020,079</u>
Total Federal Revenue per financial statement	
Federal Grants – Operating	\$ 1,064,856
Federal Grants – Non-operating	<u>1,958,795</u>
	<u>\$ 3,023,651</u>

WILLIAMSBURG TECHNICAL COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014

Summary of Audit Results:

1. The audit report issued on the financial statements was unqualified.
2. The audit did not disclose any material weaknesses or significant deficiencies in internal control over financial reporting.
3. The audit did not disclose any material noncompliance.
4. The audit did not disclose any material weaknesses or significant deficiencies in internal control over major programs.
5. The audit report issued on compliance over major programs was unqualified.
6. The audit did not disclose any audit findings that are required to be reported in accordance with section 510(a) of OMB Circular A-133.
7. Major federal programs for Williamsburg Technical College are:

<u>CFDA#</u>	<u>Program Name</u>
	<u>TRIO Cluster</u>
84.044A	Talent Search
84.047A	Upward Bound
	<u>SFA Cluster</u>
84.033	Federal College Workstudy
84.077	Federal Supplemental Education Opportunity Grant
84.063	Federal Pell Grant

8. Dollar threshold used to distinguish between Type A and Type B programs is \$300,000.
9. Auditee qualified as a low-risk auditee under Section .530 of OMB Circular A-133.

Generally Accepted Governmental Auditing Standards Findings and Questioned Costs:

NONE

Findings Related to Audit in Accordance with OMB Circular A-133:

NONE